

KELLER BENVENUTTI KIM LLP
Tobias S. Keller (#151445)
(tkeller@kbbkllp.com)
Peter J. Benvenutti (#60566)
(pbenvenutti@kbbkllp.com)
Jane Kim (#298192)
(jkim@kbbkllp.com)
650 California Street, Suite 1900
San Francisco, CA 94108
Tel: 415 496 6723
Fax: 650 636 9251

Attorneys for Debtors and Reorganized Debtors

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:

PG&E CORPORATION,

- and -

**PACIFIC GAS AND ELECTRIC
COMPANY,**

Debtors.

- ☐ Affects PG&E Corporation
☐ Affects Pacific Gas and Electric Company
☒ Affects both Debtors

** All papers shall be filed in the Lead Case, No. 19-30088 (DM).*

Bankruptcy Case No. 19-30088 (DM)

Chapter 11

(Lead Case) (Jointly Administered)

**REORGANIZED DEBTORS' THIRTIETH
OMNIBUS OBJECTION TO CLAIMS
(NO LIABILITY CLAIMS)**

**Response Deadline:
December 1, 2020, 4:00 p.m. (PT)**

Hearing Information If Timely Response Made:

Date: December 15, 2020

Time: 10:00 a.m. (Pacific Time)

Place: (Telephonic Appearances Only)

United States Bankruptcy Court

Courtroom 17, 16th Floor

San Francisco, CA 94102

1 **TO: (A) THE HONORABLE DENNIS MONTALI, UNITED STATES BANKRUPTCY**
2 **JUDGE; (B) THE OFFICE OF THE UNITED STATES TRUSTEE; (C) THE AFFECTED**
3 **CLAIMANTS; AND (D) OTHER PARTIES ENTITLED TO NOTICE:**

4 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “**Utility**”), as
5 debtors and reorganized debtors (collectively, “**PG&E**” or the “**Debtors**” or as reorganized pursuant to
6 the Plan (as defined below), the “**Reorganized Debtors**”) in the above-captioned chapter 11 cases (the
7 “**Chapter 11 Cases**”) hereby submit this thirtieth omnibus objection (the “**Objection**”) to the Proofs of
8 Claim (as defined below) identified in the column headed “Claims To Be Disallowed and/or Expunged”
9 on **Exhibit 1** annexed hereto.

10 **I. JURISDICTION**

11 This Court has jurisdiction over this Objection under 28 U.S.C. §§ 157 and 1334; the *Order*
12 *Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal.); and
13 Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern
14 District of California (the “**Bankruptcy Local Rules**”). This matter is a core proceeding pursuant to 28
15 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The
16 statutory predicates for the relief requested are section 502 of Title 11 of the United States Code (the
17 “**Bankruptcy Code**”) and Rule 3007 of the Federal Rules of Bankruptcy Procedure (collectively, the
18 “**Bankruptcy Rules**”).

19 **II. BACKGROUND**

20 On January 29, 2019 (the “**Petition Date**”), the Debtors commenced with the Court voluntary
21 cases under chapter 11 of the Bankruptcy Code. Prior to the Effective Date (as defined below), the
22 Debtors continued to operate their businesses and manage their properties as debtors in possession
23 pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner was appointed
24 in either of the Chapter 11 Cases. The Chapter 11 Cases are being jointly administered for procedural
25 purposes only pursuant to Bankruptcy Rule 1015(b).

26 Additional information regarding the circumstances leading to the commencement of the Chapter
27 11 Cases and information regarding the Debtors’ businesses and capital structure is set forth in the
28 *Amended Declaration of Jason P. Wells in Support of the First Day Motions and Related Relief* [Docket
No. 263].

1 On July 1, 2019, the Court entered the *Order Pursuant to 11 U.S.C. §§ 502(b)(9) and 105(a),*
2 *Fed. R. Bankr. P. 2002, 3003(c)(3), 5005, and 9007, and L.B.R. 3003-1 (I) Establishing Deadline for*
3 *Filing Proofs of Claim, (II) Establishing the Form and Manner of Notice Thereof, and (III) Approving*
4 *Procedures for Providing Notice of Bar Date and Other Information to All Creditors and Potential*
5 *Creditors* [Docket No. 2806] (the “**Bar Date Order**”). The Bar Date Order set the deadline to file all
6 proofs of claim (each, a “**Proof of Claim**”) in respect of any prepetition claim (as defined in section
7 101(5) of the Bankruptcy Code), including all claims of Fire Claimants (as defined therein), Wildfire
8 Subrogation Claimants (as defined therein), Governmental Units (as defined in section 101(27) of the
9 Bankruptcy Code), and Customers, and for the avoidance of doubt, including all secured claims and
10 priority claims, against either of the Debtors as October 21, 2019 at 5:00 p.m. Pacific Time (the “**Bar**
11 **Date**”). The Bar Date later was extended solely with respect to unfiled, non-governmental Fire
12 Claimants to December 31, 2019 [Docket No. 4672]¹; and subsequently with respect to certain claimants
13 that purchased or acquired the Debtors’ publicly held debt and equity securities and may have claims
14 against the Debtors for rescission or damages to April 16, 2020 [Docket No. 5943].

15 By Order dated June 20, 2020 [Dkt. No. 8053], the Bankruptcy Court confirmed the *Debtors’*
16 *and Shareholder Proponents’ Joint Chapter 11 Plan of Reorganization Dated June 19, 2020* (as may be
17 further modified, amended or supplemented from time to time, and together with any exhibits or
18 scheduled thereto, the “**Plan**”). The Effective Date of the Plan occurred on July 1, 2020 (the “**Effective**
19 **Date**”). See Dkt. No. 8252.

20 **III. RELIEF REQUESTED**

21 The Reorganized Debtors file this Objection, pursuant to section 502 of the Bankruptcy Code,
22 Bankruptcy Rule 3007(d)(5), Bankruptcy Local Rule 3007-1, and the *Order Approving (A) Procedures*
23 *for Filing Omnibus Objections to Claims and (B) the Form and Manner of the Notice of Omnibus*
24 *Objections*, dated June 30, 2020 [Docket No. 8228] (the “**Omnibus Objections Procedures Order**”),
25 seeking entry of an order disallowing and/or expunging Proofs of Claim for which the Reorganized
26 Debtors are not liable (the “**No Liability Claims**”). The No Liability Claims are identified on

27 ¹ The claims of Fire Claimants will be administered through the Fire Victim Trust and the claims of
28 Wildfire Subrogation Claimants through the Subrogation Wildfire Trust in accordance with the Plan.

1 **Exhibit 1**, in the columns headed “Claims To Be Disallowed and/or Expunged.” **Exhibit 1** also
2 specifically identifies in the “Basis for Objection” that the No Liability Claims are classified as either:

3 (1) “Equity Interest Claims.” These are Claims that are based purely upon the Claimant’s holding
4 of the Debtors’ common stock, which interests remain outstanding subject to dilution in accordance with
5 the Plan, and are not otherwise entitled to a distribution or right to payment under the Plan; or

6 (2) “Miscellaneous No Liability.” Part 2, Question 8 of the Court-approved Proof of Claim form
7 asks “What is the basis of the claim?” It lists several examples, and instructs Claimants to attached
8 documents supporting the Claim as required by Bankruptcy Rule 3001(c). In most cases, the
9 Miscellaneous No Liability Claims do not provide an answer to this question, nor do they attach any
10 relevant supporting documentation. In some cases, the Miscellaneous No Liability Claims provide an
11 answer, but it is one of the examples provided (*e.g.*, “good[s] sold”) without additional explanation or
12 relevant supporting documentation. In other cases, the answer is filled out but does not provide a basis
13 for the Reorganized Debtors to analyze liability (*e.g.*, “?”, “don’t know,” “PGE bankruptcy,” or
14 “personal loss”). In these cases as well, no relevant supporting documentation was provided.

15 The Reorganized Debtors’ personnel conducted a rigorous review of their records to attempt to
16 determine any basis under which the Reorganized Debtors might be liable for the Miscellaneous No
17 Liability Claims. The Reorganized Debtors and their professionals checked Claimants’ names against
18 parties with known litigation claims, Fire Victim Claims, and other property damage claims and did not
19 identify any potential liability in connection with these Claims. The Reorganized Debtors also reviewed
20 their accounts payable records and recorded prepetition liabilities and did not identify any potential
21 liability in connection with these Claims. Additionally, the Reorganized Debtors conducted a review of
22 their records across various customer-focused departments. Ultimately, the Reorganized Debtors were
23 not able to establish that any of the Claims are associated with current or former customers. Accordingly,
24 the Reorganized Debtors did not identify any potential liability in connection with these Claims.

25 **IV. ARGUMENT**

26 **A. The No Liability Claims Should be Disallowed and/or Expunged**

27 The Omnibus Objections Procedures Order supplemented Bankruptcy Rule 3007(d) to permit
28 the Reorganized Debtors to file objections to more than one claim if “[t]he claims seek recovery of

1 amounts for which the Debtors are not liable.” Omnibus Objections Procedures Order, ¶2(C)(iii).
2 Bankruptcy Rule 3007(e) requires that an omnibus objection must list the claimants alphabetically and
3 by cross-reference to claim numbers. The Reorganized Debtors and their professionals have reviewed
4 each of the No Liability Claims identified on Exhibit 1 and have determined that they do not state a
5 basis for a current right to payment. As to the Equity Interest Claims, ownership of the Debtors’ common
6 equity does not in and of itself provide a holder with a “right to payment” and as such does not constitute
7 a “claim” under the Bankruptcy Code. 11 U.S.C. § 101(5); *see also In re Hedged Investments Associates*,
8 84 F.3d 1267, 1272 (10th Cir. 1996) (an equity interest is not a claim against the debtor”); *In re Pine*
9 *Lake Vill. Apartment Co.*, 21 B.R. 478, 480 (Bankr. S.D.N.Y. 1982) (an equity interest is not a claim
10 against the debtor and the equity holder is only entitled to a proof of interest). As to the Miscellaneous
11 No Liability Claims, as detailed above, after a rigorous review of their records, the Reorganized Debtors
12 have not been able to determine any basis under which they are liable.

13 Each of the Claimants is listed alphabetically, and the claim number and amount are identified
14 in accordance with Bankruptcy Rule 3007(e). Furthermore, in accordance with the Omnibus Objections
15 Procedures Order, the Reorganized Debtors have sent individualized notices to the holders of each of
16 the No Liability Claims.

17 **B. The Claimants Bear the Burden of Proof**

18 A filed proof of claim is “deemed allowed, unless a party in interest . . . objects.” 11 U.S.C.
19 § 502(a).² Section 502(b)(1) of the Bankruptcy Code, however, provides in relevant part that a claim
20 may not be allowed if “such claim is unenforceable against the debtor and property of the debtor, under
21 any agreement or applicable law.” 11 U.S.C. § 502(b)(1). Once the objector raises “facts tending to
22 defeat the claim by probative force equal to that of the allegations of the proofs of claim themselves,”
23 *Wright v. Holm (In re Holm)*, 931 F.2d 620, 623 (9th Cir. 1991), quoting 3 L. King, *Collier on*
24 *Bankruptcy* § 502.02 at 502-22 (15th ed. 1991), then “the burden reverts to the claimant to prove the

25 ² Under Section 7.1 of the Plan, the Reorganized Debtors have until 180 days after the Plan’s Effective
26 Date to bring objections to Claims, which deadline may be extended by the Court. On October 27,
27 2020, the Reorganized Debtors filed the *Motion for Entry of an Order Extending Deadline for the*
28 *Reorganized Debtors to Object to Claims* [Docket No. 9355], which seeks to extend this deadline 180
days through and including June 26, 2021, without prejudice to the right of the Reorganized Debtors
seek further extensions thereof.

1 validity of the claim by a preponderance of the evidence,” *Ashford v. Consolidated Pioneer Mortgage*
2 (*In re Consolidated Pioneer Mortgage*) 178 B.R. 222, 226 (B.A.P. 9th Cir. 1995) (quoting *In re*
3 *Allegheny Int’l, Inc.*, 954 F.2d 167, 173-74 (3d Cir. 1992)), *aff’d without opinion* 91 F.3d 151 (9th Cir.
4 1996). “[T]he ultimate burden of persuasion is always on the claimant.” *Holm*, 931 F.2d at 623 (quoting
5 *King, Collier on Bankruptcy*); *see also Lundell v. Anchor Constr. Specialists, Inc.*, 223 F.3d 1035, 1039
6 (9th Cir. 2000), *Spencer v. Pugh (In re Pugh)*, 157 B.R. 898, 901 (BAP 9th Cir. 1993); *In re Fidelity*
7 *Holding Co.*, 837 F.2d 696, 698 (5th Cir. 1988).

8 As set forth above, the Reorganized Debtors submit that the No Liability Claims do not represent
9 a current right to payment and, therefore, should be disallowed and/or expunged in their entirety. If any
10 Claimant believes that a No Liability Claim is valid, it must present affirmative evidence demonstrating
11 the validity of that claim.

12 **V. RESERVATION OF RIGHTS**

13 The Reorganized Debtors hereby reserve the right to object, as applicable, in the future to any of
14 the Proofs of Claim listed in this Objection on any ground, and to amend, modify, or supplement this
15 Objection to the extent an objection to a claim is not granted, and to file other objections to any proofs
16 of claims filed in these cases, including, without limitation, objections as to the amounts asserted therein,
17 or any other claims (filed or not) against the Debtors, regardless of whether such claims are subject to
18 this Objection. A separate notice and hearing will be scheduled for any such objections. Should the
19 grounds of objection specified herein be overruled or withdrawn, wholly or in part, the Reorganized
20 Debtors reserve the right to object to the No Liability Claims on any other grounds that the Reorganized
21 Debtors may discover or deem appropriate.

22 **VI. NOTICE**

23 Notice of this Objection will be provided to (i) holders of the No Liability Claims; (ii) the Office
24 of the U.S. Trustee for Region 17 (Attn: Andrew R. Vara, Esq. and Timothy Laffredi, Esq.); (iii) counsel
25 to the Creditors Committee; (iv) counsel to Tort Claimants Committee; (v) all counsel and parties
26 receiving electronic notice through the Court’s electronic case filing system; and (vi) those persons who
27 have formally appeared in these Chapter 11 Cases and requested service pursuant to Bankruptcy Rule
28 2002. The Reorganized Debtors respectfully submit that no further notice is required. No previous

1 request for the relief sought herein has been made by the Reorganized Debtors to this or any other Court.

2 WHEREFORE the Reorganized Debtors respectfully request entry of an order granting (i) the
3 relief requested herein as a sound exercise of the Reorganized Debtors' business judgment and in the
4 best interests of their estates, creditors, shareholders, and all other parties interests, and (ii) such other
5 and further relief as the Court may deem just and appropriate.

6 Dated: November 5, 2020

KELLER BENVENUTTI KIM LLP

7 By: /s/ Peter J. Benvenutti
8 Peter J. Benvenutti

9 *Attorneys for Debtors and Reorganized Debtors*